

PERS Plan 3 Member Notice

Transfer, Gain Sharing and Retroactive Gain Sharing Payments

May 2003

Washington State Department of Retirement Systems

PERS Plan 3 payment time line

If you transferred to PERS Plan 3 during your transfer window you may be eligible for a transfer payment and retroactive gain sharing payment. These payments will be applied to your defined contribution account beginning June 2, 2003. Payment calculations are based on information provided by your employer.

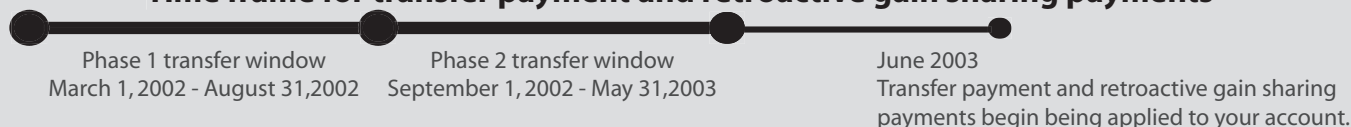
How the transfer payment is calculated

The transfer payment for Phase 1 members is 110 percent of your contributions and interest in your member account. The transfer payment for Phase 2 members is 111 percent of your contributions and interest in your member account. For both Phases, the transfer payment is based on your account balance as of March 1, 2002.

Eligibility

If you have questions about your eligibility for these payments you can review eligibility rules in your *PERS Plan 2 or Plan 3 Transfer Decision* booklet or the *PERS Plan 3 Member Handbook*. Both publications are available online at: www.wa.gov/drs/member/pers/2or3.

Time frame for transfer payment and retroactive gain sharing payments



Where will transfer and retroactive gain sharing payments be invested?

Transfer and retroactive gain sharing payments will be deposited into your Defined Contribution account according to your current investment program and/or Self-Directed program allocation. The payments can be transferred between the WSIB Total Allocation Portfolio (TAP) and the Self-Directed Investment Program once they have been applied to your account. The payments can also be moved to different funds within the Self-Directed Investment Program once it has been posted to your account.

How do I change my investment program or Self-Directed investment allocation?

If you want to change either your investment program (from WSIB TAP to Self-Directed or Self-Directed to WSIB TAP) or your investment allocation within the Self-Directed program prior to transfer and gain sharing payments being applied to your account, you will need to complete the following steps:

Changing Investment Programs

If you would like to make an investment program change before the payments are applied, provide your employer with a *Plan 3 Change of Investment Program* form. Your employer must receive the form before their payroll cut-off. Check with your employer for their cut-off date. If you are an inactive or retired member, you can make a program change by contacting ICMA-RC at 1-888-711-8773 by May 28, 2003.

Changing Investment Allocations (Self-Directed Program)

To change the investment allocation within the Self-Directed Program, you can access your account online through the PERS Journey to Retirement Portal at: www.wa.gov/drs/member/pers/2or3, or by calling ICMA-RC at 1-888-711-8773 by May 28, 2003.

Reminder

If you change your investment program or investment allocation specifically for the transfer and gain sharing payments you should consider reviewing your investment program and/or Self-Directed investment allocation after the payments have been posted. When you change your investment program or Self-Directed investment allocation, all future contributions and payments applied to your account will go to the new program or allocation you selected. However, you can change your investment program and/or allocations as often as you want.

Transfer, gain sharing and retroactive gain sharing payments defined

Previous newsletters have discussed transfer, gain sharing and retroactive gain sharing payments. The definitions are listed again for your convenience.

Transfer payment

A transfer payment is the payment made to the Defined Contribution account of eligible PERS Plan 2 members who transfer to PERS Plan 3 during their initial transfer window. The payment is based on your March 1, 2002 account balance. This payment is in addition to your accumulated account balance (contributions and interest) and possible gain sharing and retroactive gain sharing payments.

Gain sharing

Gain sharing is a payment made to PERS Plan 3 members' Defined Contribution accounts if the earnings on the Washington State Investment Board (WSIB) retirement system

assets average more than 10 percent over the previous four-year period.

In January of even-numbered years, if these conditions occur, a gain sharing payment calculated on half of the amount over 10 percent will be applied to your Plan 3 Defined Contribution account. Payments will be based on your number of service credit years you have by August 31 of the year immediately preceding the distribution.

Retroactive gain sharing

For PERS Plan 3 the Legislature included both the 2000 and 2002 gain share payments. If you transferred to PERS Plan 3 during your transfer window and you meet eligibility requirements you will receive a retroactive gain sharing payment. The retroactive gain sharing payment made in June will include only the January 2000 payment. There was no gain sharing payment for

January 2002 because earnings on the PERS Plan 2 and Plan 3 trust funds assets did not average more than 10 percent over the previous four-year period.

Ongoing Gain sharing

Ongoing gain sharing payments will be based on market performance and the number of service credit years you have by August 31 of the year before the distribution. The next opportunity for a gain sharing payment will be January 2004.

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Local callers..... 360-664-7000

TDD line 360-586-5450

DRS Internet address:

www.wa.gov/drs

Member e-mail contact:

recep@drs.wa.gov

Change of address

DRS will continue to mail important PERS Plan 3 information to your home address. To ensure you receive these materials, please keep your address up to date with your employer. If you are an inactive or retired member please contact DRS to update your address.

**Update your address
with your employer**

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